



USDA Rural Development: Highlights of the Agriculture Act of 2014

The Agricultural Act of 2014 reaches far beyond our farms -- it touches the lives of every American. The Act authorizes and directs key rural programs that help promote local economic development -- from connecting rural communities to broadband Internet to providing much needed, and often unavailable, financing for rural small businesses, communities and individuals. It creates and saves jobs, supports innovation, improves infrastructure and grows our economy.

These investments will pay dividends by making rural communities vibrant, self-sustaining places where people want to raise their children, open businesses, and live for years to come.

Creating Ladders of Opportunity

By providing support for economic development and job creation, the Act helps USDA create ladders of opportunity and provide people in rural places the tools to climb into the middle class.

- USDA will support the development and growth of small and emerging businesses in rural areas through a new Rural Business Development Grant Program that consolidates the eligible grant purposes presently available under both the Rural Business Opportunity Grant and Rural Business Enterprise Grant programs. The streamlined program will award competitive grants to governmental entities, Indian tribes, and nonprofit organizations for planning, technical assistance, and job training.
- The Business and Industry Loan Guarantee Program is specifically authorized to further improve access to business capital in rural communities by including working capital as a loan purpose and allowing businesses to use accounts receivable as loan security and loan collateral.
- The Intermediary Relending Program will continue to provide much needed financing for business development and job growth in disadvantaged and remote communities. Authorization of the program is transferred to the Consolidated Farm and Rural Development Act of 1972.
- The Rural Microentrepreneur Assistance Program is funded at \$3 million per year from fiscal year 2014 through 2018 to support business lending to rural microentrepreneurs and microenterprises.

- The Act reauthorizes appropriations for Value-Added Producer Grants through 2018 with a total of \$63 million in mandatory funding, which will be available until expended to help farmers and ranchers diversify into new markets, including local and regional food systems and specialty crop production. The program encourages a wide range of projects and gives funding priority to operators of small and medium-sized farms and ranches, beginning and socially disadvantaged farmers and ranchers, and veterans when awarding grants to eligible independent producers.
- Cooperatives, which are a cornerstone for business development in many rural communities, remain a priority in administering the Value-Added Producer Grant program reserve fund so that program benefits are distributed among a large number of producers.

Growing Local and Regional Food Systems

Local and regional food systems also receive a critical boost through the legislation, with additional support for food hubs, farmers markets and on-farm businesses with a local or regional focus. In particular, the Act supports increased economic activity through the creation and expansion of infrastructure, business services and supply chain coordination, and new connections between rural food producers and regional market opportunities. Such efforts boost the economic health of rural areas because, as USDA research shows, money spent on food produced locally stays local and expands the potential for job creation and economic growth.

- The Act sets aside at least five percent of Business and Industry Loan Guarantee Program funds for business activities and food hubs that support locally or regionally produced foods from fiscal years 2014 through 2018.
- A portion of Value-Added Producer Grant funds is reserved for food distribution networks and centers,

including food hubs, that coordinate agricultural production and aggregate, store, process, distribute or market locally or regionally produced agricultural products. These networks, referred to as mid-tier value chains, help meet consumer demand and improve access to nutritious food for children, working families, seniors and people with disabilities in underserved communities.

- The Act authorizes the Healthy Foods Financing Initiative to increase access to healthy food in underserved areas.

Developing New Economic Opportunities with Rural Energy and the Bioeconomy

The Act supports the Administration's "all of the above" strategy that taps into all types of energy resources while creating new jobs in rural areas. The Act also expands the potential for economic growth in rural America by investing in the emerging biobased economy, which, in many ways marries two important economic engines for rural America: agriculture and manufacturing.

- The Rural Energy for America Program is reauthorized with \$50 million of mandatory funding and up to \$20 million of discretionary funding each year for fiscal years 2014 through 2018. The Act encourages funding for a diverse range of projects and continued support for renewable energy and energy efficiency projects to help farmers and rural small businesses cut costs.
 - To streamline the program application process, a third-tier application category requiring less paperwork has been added for projects totaling less than \$80,000.
 - Councils, as defined in the Resource and Conservation Development program, are allowed as eligible applicants for energy audit and renewable energy development assistance grants.
 - The authority for feasibility study grants through the Rural Energy for America Program is repealed. The Act clarifies that the intent of the program has been to promote energy efficiency and the production of renewable energy, rather than energy delivery, and removes the ability to provide assistance for flexible fuel pumps or other mechanisms to dispense fuel.
- The Act renames the Biorefinery Assistance program the Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program. The program is expanded to include biobased product manufacturing facilities and biorefineries that produce advanced biofuel and renewable chemicals.
 - The Secretary of Agriculture is directed to ensure there is diversity in the types of projects approved. Grant funding is eliminated, and loan guarantees for biobased product manufacturing are capped at 15% of the FY 2014 and 2015 total available mandatory funds. Mandatory funding of \$100 million is provided for FY 2014, with \$50 million for each of FY 2015 and FY 2016. Also, \$75 million is authorized for each of fiscal years 2014 through 2018.
- The Repowering Assistance Program is extended through FY 2018 with mandatory funding of \$12 million in FY 2014, which is available until expended.
- The Bioenergy Program for Advanced Biofuels is extended through FY 2018 with mandatory funding of \$15 million for each of fiscal years 2014 through 2018.
- A Rural Energy Savings Program is authorized to help consumers finance energy efficiency investments.

Ensuring Access to Safe, Affordable Rural Housing

USDA is committed to helping moderate and low-income rural families access home loans and safe, affordable rental housing. The Farm Bill alters current eligibility standards. Areas with populations of up to 35,000 that are rural in character are now eligible for USDA rural housing programs, with certain provisions.

- If an area was eligible for USDA housing programs on September 30, 2013, it remains eligible through September 30, 2014. If an area has a population greater than 35,000, after September 30, 2014, it will no longer be eligible regardless of whether it had previously been “grandfathered” to remain in the program in previous years. If an area was “grandfathered” at any time between January 1, 2000 and December 31, 2010, after September 30, 2014, the following three-pronged test determines if it remains eligible:
 - The population does not exceed 35,000, and

- The area is rural in character, and
- The area has a serious lack of mortgage credit for lower- and moderate-income families.
- Areas that meet all three of these standards can continue to remain eligible until receipt of data from the decennial census in the year 2020.

Investing in Community Infrastructure

The Act provides strategic funding to encourage additional, leveraged funding from other public and private sources to ensure the clean water, modern telecommunications and high quality public facilities necessary for healthy communities and successful growth.

- The Act provides financing to address approximately one-fifth of the pending queue of Water and Waste Disposal projects in rural communities.
- The Emergency and Imminent Community Water Assistance Grant Program is reauthorized with \$35,000,000 for fiscal years 2014-2018.
- The Community Facilities program allows use of some funds for technical assistance and training grants.
- Rural broadband programs emphasize service to underserved rural areas. In addition, the Act authorizes the new Rural Gigabit Network Pilot Program to furnish or extend ultra-high-speed service to rural communities.

Advancing Community Partnerships for Comprehensive, Lasting Economic Development

The Act helps USDA Rural Development advance regional collaboration with multiple partners – private, public, and non-profit – to deliver comprehensive assistance and promote lasting, sustainable solutions for rural communities.

- To promote collaborative, long-term, and locally-led approaches to economic development, the Act allows the Secretary to prioritize applications for funding for projects that are part of multi-jurisdictional development plans and to set aside up to 10% of funds for this purpose. This preference and set-aside applies to the Community Facilities, Water, Business & Industry, and Rural Business Development Grant programs,
- The entire suite of Rural Development programs is brought into play to create a coordinated strategy to help rural community and technical colleges meet the needs of rural students with modern facilities and innovative technologies.
- The Act creates an interagency working group to improve coordination of programs and services between federal agencies and national and local cooperatives through the Rural Cooperative Development Grant Program.

Good Government

The Act helps USDA continue to improve the economic climate in rural America while creating new efficiencies in how we do business.

- Simpler application processes will be developed for most programs.

- Consolidation of two existing business grant programs into a single Rural Business Development Grant Program eliminates duplicative authorities while continuing to address rural economic development needs.
- The Act requires additional data collection to measure economic activity, jobs created, and borrower success after receiving assistance.

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